

OGC HAS REVIEWED.

Chief, Contract Section

8 September 1949

Office of General Counsel

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[REDACTED]

1. The basic contract has been reviewed by this office and is returned herewith pursuant to the following comments.

2. The increased charge of 15%, effective 1 January 1950, does not appear to be based upon any additional consideration in favor of the U. S. Government in the person of [REDACTED] The basic agreement is of a perpetuating nature terminating June 30, 1950 or upon 30 days written notice by either party prior to that time. [REDACTED] is under an obligation to furnish us the machine together with maintenance for a period extending to the end of our fiscal year for the rate stipulated in our contract. Any increase in this rate should be predicated upon either additional or improved service from which we would enjoy increased benefits. It does not appear that this Agency has the authority to waive the obligation of enforcing the contract in its original form.

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3. As a practical matter, it was recognized that [REDACTED] is a Government controlled utility and that the machine cannot be obtained from any other source. Unless additional supporting information can be supplied for the file, showing that improved service will be received as the result of Supplement No. 1, it is suggested that the basic contract be terminated and a new one executed.

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[REDACTED]

cc: Subject ✓  
Chrono